



IS TIMING REALLY EVERYTHING?

The U.S. economy is scorching! Unemployment is near historical lows. Company balance sheets are bulging with cash. Profits margins continue to impress. The stock market, however, continues to lag. Why? The stock market prices have more to do with what will happen next than what you did last quarter. Most economists look at the fantastic numbers and say "Yea...but you can't keep doing that!" Therefore, economists forecast an economic slowdown, keeping stock prices undervalued. They cite the Federal Reserve raising rates, an inverted yield curve, and slowing home price growth as reasons for the next recession. We agree those factors will certainly lead to some slowdown. We also agree that there will be another economic recession. The question is, as long term investors, should we really be that concerned?

The U.S. economy has always taken two steps forward and one back. Granted, in the late nineties and early 2000's, we took five forward and four back. But we made progress. As human beings, we tend to focus on the four steps back and forget about the five forward ones. That's why newscasts start with the tragedies and end with the feel-good stories. Why should investors be any different? The reason is, of course, successful investing depends on taking the good with the bad. Our economy moves in cycles. A growth period and stabilizing period, followed by a drop off and a bottoming out period. Then we start another growth period. What no one knows is when these parts of the cycles start and stop. But focusing on when and if causes us to do nothing and keep our money on the sidelines.

If we told you that we would give you \$10 and then take \$9 away, would you accept the \$10? Of course you would. You would play that game as many times as you could. We have always said that the stock market is not a wealth creator, but a wealth grower and protector. Investing takes patience and perseverance. You have to take the good with the bad in order to be successful. Over time, the U.S. economy will grow and U.S. companies and their stock prices will grow too.

As we have done in the past, we utilized the new tax year to rebalance a number of the stock positions in the portfolio. This allows each holding in your portfolio to maintain its proper weighting and thus ensures the integrity of the entire portfolio. If you have any questions, please call us at (904) 389-0761.

[NOTE: Our updated Disclosure Brochure and Privacy Statement are now available. If you would like a copy, please call us at 389-0761 or visit \[www.palmerknight.com\]\(http://www.palmerknight.com\) and click on Publications under the Resources Tab.](#)